

NORTH EX PUBLIC SCHOOL, JAIN NAGAR
SUBJECT-ACCOUNTS
CLASS 12
HALF YEARLY EXAMINATION 2019-20

M.M. 80

TIME 3 HRS.

INSTRUCTIONS :

ATTEMPT ALL THE QUESTIONS

Q.1 TO Q.20 1 MARK

Q21 TO Q.22 3 MARKS

Q.23 TO Q.25 4 MARKS

Q.26 TO Q.28 6 MARKS

Q.29 TO Q.31 8 MARKS

1. At least _____ persons are necessary to form a partnership. 1
2. At the time of admission of a partner, profit or loss on revaluation of assets and reassessment of liabilities is shared by the old partners in their _____ ratio. (1)
3. Does partnership firm has a separate legal entity ? Give reason in support of your answer. 1
4. If at the time of retirement of a partner, goodwill exists in the books, it is written off among _____ partners in their _____ ratio. 1
5. Unrecorded liability paid at the time of dissolution is debited to _____ Account. 1
6. Loan by Partners have to be paid at the time of dissolution of partnership firm before repayment of capital. True or false ? 1
7. When a new partner is admitted, he is entitled to share of (a) past profits. (b) present profits. (c) future profits. (d) reserve appearing in the balance sheet of the firm. 1
8. Gaining ratio is calculated at the time of (a) retirement of a partner only. (b) death of a partner only. (c) admission of a partner only. (d) change in profit-sharing ratio/retirement/death of a partner. 1
9. In Death of a partner the share of profit of deceased partner is calculated either on time basis or on turnover basic. True or false. 1
10. Profit sharing ratio of remaining partner is decided according to mutual agreement among the remaining partners. True or false 1
11. When any asset is taken by the partner at the time of dissolution of the partnership firm then _____ Account will be debited. 1
12. In case of dissolution of the partnership firm, Provision for Doubtful Debts is transferred to _____ Account. 1
13. Dissolution of Partnership may or may not involve _____ of the firm. 1
14. Realisation Account is _____ in nature. 1
15. Loss of realization Account is debited to Partner's Capital Account is the _____. 1
16. Mohan a partner died on 30th sep 2019 he withdraw Rs.4,000 per month in the beginning of every month. Rate of interest charged on drawings is 12% p.a. Amount of interest on drawing will be _____ if firm closes its account at the end of every year. 1
17. X,Y, Z are partners Z died on 31 march 2019. There is balance in P&L A/c in the assets side in the balance sheet Rs. 60,000, Amount transfer to _____ side of partner's capital account. 1
18. _____ is the ratio in which retiring partner is compensated by continuing partners. 1
19. _____ account is prepared when amount payable to outgoing partner is paid in installments with interest. 1
20. In case of retirement of a partner, any one of continuing partner sacrifice his share then his capital will be _____. 1
21. A, B, and C were partners sharing profits and losses in the ratio of 4 : 3 : 2 respectively. B retired when the capitals of A, B and C before the adjustments were ` 2,19,500, ` 1,14,000 and ` 1,16,500 respectively. On the date of retirement, firm's goodwill was valued at ` 2,16,000 and Loss on Revaluation of Assets and Reassessment of Liabilities was ` 27,000, General Reserve ` 63,000 and the Cash and Bank Balance on that

date was ₹ 1,86,000. B was to be paid through amount brought by A and C in a manner that their capitals become proportionate to their new profit-sharing ratio of 5 : 3. Calculate the amount to be paid or to be brought by the continuing partners if minimum Cash and Bank Balance of ₹ 1,00,000 was to be maintained. All transactions are through Bank. Pass the necessary Journal entries. **3**

22. Aman, Raman, Mohit and Sohan were partners in a firm sharing profits in the ratio of 2 : 2 : 2 : 1. On 31st January, 2017 Sohan retired. On Sohan's retirement the goodwill of the firm was valued at ₹ 70,000. The new profit sharing ratio between Aman, Raman and Mohit was agreed as 5 : 1 : 1. Showing your working notes clearly, pass necessary Journal Entry for the treatment of goodwill in the books of the firm on Sohan's retirement **3**

23. (a) Kumar and Raja are partners in a firm sharing profits in the ratio of 7 : 3. Their fixed capitals were: Kumar ₹ 9,00,000 and Raja ₹ 4,00,000. The Partnership Deed provided following:
 (i) Interest on Capital @ 9% per annum.
 (ii) Kumar's salary ₹ 50,000 per year and Raja's salary ₹ 3,000 per month.
 But the profit for the year was distributed without providing for the above. Profit for the year ended 31st March, 2019 was ₹ 2,78,000. Pass adjustment entry.
 (b) Give any one distinction between sacrificing ratio and gaining ratio. **3+1**

24. Asha and Aditi are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit Raghav as a partner for $\frac{1}{4}$ th share in the profits of the firm. Raghav brings ₹ 6,00,000 as his capital and his share of goodwill in cash. Goodwill of the firm is to be valued at two years' purchase of average profits of the last four year

The profits of the firm during the last four years are given below:

Year	Profit (₹)
2013-14	3,50,000
2013-15	4,75,000
2013-16	6,70,000
2013-17	7,45,000

The following additional information is given :

- (i) To cover management cost an annual charge of ₹ 56,250 should be made for the purpose of valuation of goodwill.
- (ii) The closing stock for the year ended 31.3.2017 was overvalued by ₹ 15,000.

Pass necessary journal entries on Raghav's admission showing the working notes clearly. **4**

25. Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. On 1st April, 2016 Kishore was admitted as a new partner for $\frac{1}{4}$ th share in the profits. Kishore brought ₹ 2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun.

Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in Cash. **4**

26. Paras, Karan and Ram were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 31st March, 2017 their Balance Sheet was as follows :

Balance Sheet of Paras, Karan and Ram as on 31.3.2017

Liabilities	Amount (₹)	Assets	Amount (₹)
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Creditors	3,00,000	Fixed Assets	4,50,000
General Reserve	1,50,000	Stock	1,50,000
Capitals		Debtors	2,00,000
Paras 2,00,000		Bank	1,50,000
Karan 2,00,000			
Ram <u>1,00,000</u>	5,00,000		
	9,50,000		9,50,000

Karan died on 12.6.2017. According to the partnership deed, the legal representatives of the deceased partner were entitled to the following :

- (i) Balance in his Capital Account.
- (ii) Interest on Capital @ 12% p.a.
- (iii) Share of goodwill. Goodwill of the firm on Karan's death was valued at `60,000.
- (iv) Share in the profits of the firm till the date of his death, calculated on the basis of last year's profit. The profit of the firm for the year ended 31.3.2017 was `5,00,000.

Prepare Karan's Capital Account to be presented to his representatives 6

27. C and D were partners in a firm sharing profits and losses equally. On 31st March, 2017 their Balance Sheet was as follows :

Balance Sheet of C and D as on 31.3.2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	1,04,000	Cash at Bank	30,000
Capitals		Bills Receivable	45,000
C 2,50,000		Debtors	75,000
D 2,16,000	4,66,000	Furniture	1,10,000
		Land & Building	3,10,000
	5,70,000		5,70,000

On 1.4.2017, they admitted E as a new partner for $\frac{1}{3}$ rd share in the profits on the following conditions :

- (i) E will bring `3,00,000 as her capital and `50,000 as her share of goodwill premium, half of which will be withdrawn by C and D.
- (ii) Debtors to the extent of `5,000 were unrecorded.
- (iii) Furniture will be reduced by 10% and 5% provision for bad and doubtful debts will be created on bills receivables and debtor
- (iv) Value of land and building will be appreciated by 20%.
- (v) There being a claim against the firm for damages, a liability to the extent of `8,000 will be created for the same.

Prepare Revaluation Account and Partners' Capital Accounts. 6

28. Pass necessary Journal Entries on the dissolution of a partnership firm in the following cases :
- (i) Ayush, a partner, was appointed to look after the dissolution process for which he was given a remuneration of `10,000.
 - (ii) Dissolution expenses `8,000 were paid by the partner, Harshita.
 - (iii) Dissolution expenses were `5,000.

- (iv) Pinak, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of `7,000. Pinak agreed to bear the dissolution expenses. Actual dissolution expenses `4,000 were paid by Pinak.
- (v) Nandini, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of `9,000. Nandini agreed to bear the dissolution expenses. Actual dissolution expenses `4,000 were paid by the firm.
- (vi) Ritik a partner was appointed to look after the process of dissolution for which he was allowed a remuneration of `18,000. Ritik agreed to take over stock worth `18,000 as his remuneration. The stock had already been transferred to Realisation Account. **6**
29. Srijan, Raman and Manan were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 31st March, 2017 their Balance Sheet was as follows :

Balance Sheet of Srijan, Raman and Manan as on 31.3.2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals		Capital : Manan	10,000
Srijan 2,00,000		Plant	2,20,000
Raman <u>1,50,000</u>	3,50,000	Investments	70,000
Creditors	75,000	Stock	50,000
Bills Payable	40,000	Debtors	60,000
Outstanding Salary	35,000	Bank	10,000
		Profit & Loss Account	80,000
	5,00,000		5,00,000

On the above date they decided to dissolve the firm.

- (i) Srijan was appointed to realise the assets and discharge the liabilities. Srijan was to receive 5% commission on sale of assets (except cash) and was to bear all expenses of realisation.
- (ii) Assets were realised as follows :

(₹)

Plant 85,000
 Stock 33,000
 Debtors 47,000

- (iii) Investments were realised at 95% of the book value.
- (iv) The firm had to pay `7,500 for an outstanding repair bill not provided for earlier.
- (v) A contingent liability in respect of bills receivable, discounted with the bank had also materialised and had to be discharged for `15,000.
- (vi) Expenses of realisation amounting to `3,000 were paid by Srijan.
- Prepare Realisation Account, Partners' Capital Accounts and Bank Account. **8**

30. Moli, Bhola and Raj were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their partnership deed provided for the following :

- (i) Interest on capital @ 5% p.a.
- (ii) Interest on drawing @ 12% p.a.
- (iii) Interest on partners' loan @ 6% p.a.
- (iv) Moli was allowed an annual salary of `4,000; Bhola was allowed a commission of 10% of net profit as shown by Profit and Loss Account and Raj was guaranteed a profit of `1,50,000 after making all the adjustments as provided in the partnership agreement.
- Their fixed capitals were Moli : `5,00,000; Bhola : `8,00,000 and Raj : `4,00,000. On 1st April, 2016 Bhola extended a loan of `1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2017 before interest on Bhola's loan was `3,06,000.

Prepare Profit and Loss Appropriation Account of Moli, Bhola and Raj for the year ended 31st March, 2017 and their Current Accounts assuming that Bhola withdrew `5,000 at the end of each month, Moli withdrew `10,000 at the end of each quarter and Raj withdrew `40,000 at the end of each half year. **8**

31. W and R are partners in a firm sharing profits in the ratio of 3 : 2. Their Balance Sheet as on 31st March, 2016 was as follows :

Balance Sheet of W and R as on 31-3-2016

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	20,000	Cash	12,000
Provision for Bad Debts	2,000	Debtors	18,000
Outstanding Salary	3,000	Stock	20,000
General Reserve	5,000	Furniture	40,000
Capitals :		Plant & Machinery	40,000
W 60,000			
R <u>40,000</u>	1,00,000		
	1,30,000		1,30,000

On the above date C was admitted for $\frac{1}{6}$ th share in the profits on the following terms :

- (i) C will bring `30,000 as his capital and `10,000 for his share of goodwill premium, half of which will be withdrawn by W and R.
- (ii) Debtors `1,500 will be written off as bad debts and a provision of 5% will be created for bad and doubtful debts.
- (iii) Outstanding salary will be paid off.
- (iv) Stock will be depreciated by 10%, furniture by ` 500 and Plant and Machinery by 8%.
- (v) Investments `2,500 not mentioned in the balance sheet were to be taken into account.
- (vi) A creditor of `2,100 not recorded in the books was to be taken into account.

Pass necessary Journal Entries for the above transactions in the books of the firm on C's admission. **8**